

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION FOR)
APPROVAL OF THE ISSUANCE OF) PSC DOCKET NO. 15-1051
LONG-TERM DEBT)
(FILED JULY 6, 2015))

ORDER NO. 8770

AND NOW, this 4th day of August, 2015, the Delaware Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on July 6, 2015, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission, pursuant to 26 Del. C. § 215(a)(2), an application (the "Application") seeking approval of the issuance of up to \$300 million of unsecured long-term debt securities ("LTD") with an initial funding authorization of \$200 million approved by the Chesapeake Board of Directors ("BOD"); and

WHEREAS, Chesapeake previously received approval from the Commission to issue LTD of up to \$110 million in Order No. 8655 in Docket No. 14-0418, which to date the Company has not yet issued any LTD under that authorization, and this Order replaces that previous authorization; and

WHEREAS, in its Application, Chesapeake stated that, on approval of the Application, the Company will enter into an unsecured revolving credit facility in the amount of \$150

million with PNC Bank ("PNC") with an expiration date of five years from the closing date. Pricing is expected to be based on the LIBOR rate plus interest margin of 1.25% or less. Additionally, the Company intends to enter into a \$150 million shelf facility agreement with Prudential Investment Management, Inc. ("Prudential"). The Company would be able to make funding requests for a period of up to three years and borrowings can be for up to a fifteen-year average life; and

WHEREAS, Chesapeake states that it expects to use the unsecured LTD to finance capital expenditures and potential future capital projects including upgrades, expansions, and infrastructure reliability projects for natural gas distribution and transmission. Projects include the natural gas transmission line to the Calpine power plant in Dover, the Florida Gas Reliability Infrastructure Program ("GRIP"), and a major non-regulated combined heat and power plant project in Florida. Also, the Company may use the proceeds of the new issue debt to pay down a portion of its debt outstanding under its short-term lines of credit and/or revolver facility. (Data Request p. 1); and

WHEREAS, according to the Application, the unsecured long-term debt financing is consistent with the Company's current debt covenants which limit the level of its unsecured debt to total capitalization to 65% (Application, p. 2); and

WHEREAS, pursuant to 26 Del. C. § 215(a)(2), no public utility, without having first obtained the approval of the

Commission, shall issue any stocks, stock certificates, or notes, bonds or other evidences of indebtedness payable in more than 1 year from the date thereof. In addition, 26 *Del. C.* § 215(d) provides that the Commission must approve any issuances when it finds the same to be made in accordance with law, for a proper purpose, and consistent with the public interest; and

WHEREAS, the Commission Staff ("Staff") has examined the Application and its schedules and exhibits and concludes that the Company has complied with the requirements of 26 *Del. C.* § 215(d) in that the proposed issuances will be made in accordance with law, for a proper purpose, and consistent with the public interest for the reasons set forth above. Accordingly, Staff recommends that the Commission approve Chesapeake's Application subject to the following conditions: (i) Chesapeake's Delaware Division may not construe this approval as ratemaking treatment for future case filings; (ii) Chesapeake must obtain the prior approval of its BOD as to the actual amount of LTD to be issued and the terms and conditions of any issuance; (iii) within 30 days of the closing of the issuance of the \$200 million, as well as the additional \$100 million of LTD, the Company must file copies of its fully executed note agreements for this application and any other documents or information required by 26 *Del. Admin. C.* § 1002, Part D, 4.0. with the Commission; and (iv) Chesapeake must obtain any additional necessary approvals from the Maryland and/or Florida Public Service Commission and comply with all

applicable federal securities laws.

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That the Application filed with the Commission on July 6, 2015, which requests Commission approval, under 26 *Del. C. § 215(a) (2)*, for Chesapeake Utilities Corporation ("Chesapeake") for the issuance of up to \$300 million of unsecured long-term debt securities ("LTD") is granted subject to the following conditions:

a. Chesapeake's Delaware Division may not construe this approval as ratemaking treatment for future case filings;

b. Chesapeake must obtain the prior approval of its BOD as to the actual amount of LTD to be issued and the terms and conditions of any issuance;

c. Within 30 days of the closing of the issuance of the \$200 million and \$100 million of LTD, the Company must file copies of its fully executed note agreements for this application with the Commission and any other documents or information required by 26 *Del. Admin. C. § 1002, Part D, 4.0*; and

d. Chesapeake must obtain any additional necessary approvals from the Maryland and/or Florida Public Service Commission and comply with all applicable federal securities laws.

2. That nothing in this Order shall be construed as a guarantee, warranty, or representation by the State of Delaware or by any agency, commission, or department thereof with respect

to the indebtedness of Chesapeake that may be issued or incurred under the Application which is approved by this Order.

3. That Chesapeake is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 Del. C. § 114(b)(1).

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary